

AMENDED IN ASSEMBLY APRIL 24, 2003

AMENDED IN ASSEMBLY APRIL 7, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1627

**Introduced by Assembly Member Frommer
(Coauthor: Assembly Member Matthews)**

February 21, 2003

An act to add Article 11 (commencing with Section 1339.50) to Chapter 2 of Division 2 of the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as amended, Frommer. Payers' Bill of Rights.

Under existing law, the State Department of Health Services regulates the licensure and operation of health facilities, including hospitals. Under existing law, violation of these provisions, or any rule or regulation adopted thereunder, constitutes a misdemeanor.

This bill would establish the Payers' Bill of Rights, ~~which would prohibit a hospital, as defined, from making a material change in a charge description master more than once in a calendar year, except as specified. The bill would define charge description master and material change for these purposes.~~

This bill would require a hospital that uses a charge description master, *as defined*, to provide a written or electronic copy, free of charge, to any person upon request, and to take other specified actions. This bill would also require a hospital to post a notice, as specified, that informs patients that the hospital's charge description master is

available upon request. The bill would prohibit a hospital from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any provision of the bill.

This bill would authorize the department to suspend or revoke a license or special permit, or impose a specified fine, for a violation of the bill. The bill would authorize any person to file a claim with the department alleging violation of the bill.

This bill would also require that each hospital file a copy of its charge description master annually with the Office of Statewide Health Planning and Development.

This bill would require the department, commencing in 2005, to annually report to the Legislature and the Governor specified information relating to violations of the bill, and would require these reports to be available to the public upon request, free of charge.

By imposing new requirements on hospitals, this bill would create new crimes, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 11 (commencing with Section 1339.50)
2 is added to Chapter 2 of Division 2 of the Health and Safety Code,
3 to read:

4
5 Article 11. Payers' Bill of Rights

6
7 1339.50. This article shall be known and may be cited as the
8 Payers' Bill of Rights.

9 1339.51. (a) A hospital, as defined in subdivision (a), (b), or
10 (f) of Section 1250, ~~may not make material change in a charge~~
11 ~~description master more than once in a calendar year. On or before~~
12 ~~July 1, 2004, a hospital shall identify the anniversary date it will~~
13 ~~use and, no later than 30 days thereafter, shall provide written~~

1 ~~notice of that date to the department and any health care service~~
2 ~~plan or health insurer with which it has a contract in force on that~~
3 ~~date of the anniversary date it has selected.~~

4 ~~(b) Notwithstanding subdivision (a), a charge description~~
5 ~~master may be updated to reflect the addition of new technologies~~
6 ~~and services available at the hospital.~~

7 ~~(c) Any hospital that uses a charge description master shall~~
8 ~~provide a written or electronic copy free of charge to any person~~
9 ~~upon request, segregated by types of services provided. The~~
10 ~~hospital shall also identify the anniversary date determined~~
11 ~~pursuant to this section. If the hospital—If the hospital~~ has an
12 Internet Web site on which it posts its charge description masters,
13 it may comply with this section by providing the requester with the
14 Internet Web site address. This posting shall be in a format that can
15 be downloaded.

16 ~~(d) For purposes of this article:~~

17 ~~(1) “Charge~~

18 ~~(b) For purposes of this section, “charge description master”~~
19 means a uniform schedule of charges represented by the hospital
20 as its gross billed charge for a given service or item, regardless of
21 payer type.

22 ~~(2) A “material change” means a change in any provision of~~
23 ~~a charge description master that a reasonable person would~~
24 ~~consider to result in more than a trivial increase in costs to payers.~~

25 ~~(e)—~~

26 ~~(c) The hospital shall post a clear and conspicuous notice in its~~
27 emergency department, if any, in its admissions office, and in its
28 billing office that informs patients that the hospital’s charge
29 description master is available upon request.

30 1339.52. A hospital may not condition acceptance of a
31 contract with a health care service plan or health insurer upon the
32 health care service plan or health insurer waiving any provision of
33 this article.

34 1339.53. (a) The department may suspend or revoke any
35 license or special permit issued under this chapter for a violation
36 of any provision of this article, pursuant to the provisions of
37 Article 5 (commencing with Section 1294). In lieu of suspension
38 or revocation the department may fine the hospital up to five
39 thousand dollars (\$5,000) per violation.

(b) Actions taken by the department pursuant to this section shall not preclude any other remedy by a health care service plan, health insurer, or other party that is available under contract or any other provision of law.

1339.54. Any person may file a claim with the department alleging a violation of this article. The department shall investigate and inform the complaining person of its determination whether a violation has occurred and what action it will take.

1339.55. Each hospital shall file a copy of its charge description master annually with the Office of Statewide Health Planning and Development, in a format determined by the office.

1339.56. (a) Commencing in 2005, on or before March 1 of each year, the department shall issue a report to the Legislature and the Governor that includes all of the following:

(1) The number of investigations it has conducted for alleged violations of this article.

(2) The number of violations the department has determined have occurred.

(3) The name of each hospital that has violated this article and the actions it has taken against these hospitals.

(b) Reports prepared pursuant to this section shall be made available to the public upon request free of charge.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.